PharmaCare Trends 2002 Update

BC PharmaCare
Ministry of Health Services

Prepared June, 2004

Changes and Revisions for PharmaCare Trends 2002 Update

PharmaCare Trends provides regular updates and statistical data on British Columbia's drug benefits program. This document is designed to be a single, accessible information source for health researchers, government officials and the public. This document was produced in 2003 to provide current statistics, details of PharmaCare programs, and recent changes to PharmaCare plans.

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Section 1 – Introduction

The Ministry of Health Services' mission is to guide and enhance the province's health services to ensure British Columbians are supported in their efforts to maintain and improve their health.

WHAT IS PHARMACARE?

Established under the Ministry of Health Services, PharmaCare is British Columbia's drug insurance program. PharmaCare is designed to provide financial assistance to residents for eligible prescription drugs and designated medical supplies. The program provides reasonable access to drug therapy and is an integral part of the health care system that serves British Columbians.

PharmaCare was announced by the Government of British Columbia in 1973 and began operation on January 1, 1974, under the *Guaranteed Available Income for Need (GAIN) Act*, Regulation 30. In the spring of 1995, the *Continuing Care Act* was amended to include legislative authority for PharmaCare. The *GAIN Act* provisions relating to PharmaCare were subsequently repealed.

PharmaCare is funded by the Government of British Columbia and is not governed by the *Canada Health Act*.

PHARMACARE'S MISSION STATEMENT

To improve the health status of British Columbians by providing reimbursement to ensure reasonable access to and appropriate use of prescription drugs and related benefit services for eligible residents of the province.

OUR STRATEGIC OBJECTIVES

To achieve its mission, PharmaCare has the following strategic objectives:

- to reimburse beneficiaries for prescription drugs and related benefit services through sustainable, equitable and effective programs
- to strive for equity of access
- to implement policies that maximize the appropriateness and cost effectiveness of drug therapy
- to promote optimal drug prescribing
- to utilize evidence-based policy making through reliance on the best and most up-to-date analysis of scientific research.

History of PharmaCare in British Columbia

1872 The Department of the Provincial Secretary, Social Assistance Branch, launches a drug subsidization initiative.

1893 A Provincial Board of Health is established to assume responsibility and accountability for a drug subsidization initiative.

1946-1972 Throughout this period, the foundations for BC PharmaCare are laid. In 1972, the Department of Health begins a drug subsidy program for low-income British Columbians. Eligible claimants pay the first $2.00 plus 50 per cent of the remaining prescription charge, and the government pays the remaining 50 per cent.

1973 The Department of Rehabilitation and Social Services becomes the Ministry of Human Resources. A new drug plan that provides reimbursement for eligible drug costs to all BC seniors who meet a 90-day residency requirement is added to the existing low income prescription drug subsidy plans.

1974 BC PharmaCare becomes operational under the Ministry of Human Resources as a social assistance program. The program pays pharmacies for actual acquisition costs plus a dispensing fee of $2.20 for each prescription. Plan A is established as the plan for seniors; Plan B becomes the prescription drug subsidy plan and Plan C is introduced for income assistance clients.

1977 The prescription drug subsidy program which assists low-income individuals not on income assistance (Plan B), is replaced by the universal plan for residents under 65 (Plan E). Disclosure of the drug cost and dispensing fee on Plan E prescription receipts becomes required.
BC PharmaCare is expanded to provide services to residents of long-term care facilities and private hospitals (now Plan B). Ostomy supplies, designated prosthetics, orthotics, and needles and syringes for diabetics are added as benefits.

1978 A drug usage review program is established to monitor drug utilization and educate practitioners. Breast prostheses are added as eligible benefits.

1987 The administration of BC PharmaCare is transferred to the Ministry of Health. BC PharmaCare introduces a Plan A co-payment scheme.

1988 The BC Centre for Disease Control transfers control of the home oxygen program to BC PharmaCare. A ceiling of $2000 per year is established for patient payments under Plan E.

1989 Plan F is introduced to allow severely disabled children to live at home by providing financial assistance to the children's biological or foster families in the home environment. The benefit list is expanded to include home blood glucose testing strips for children under 19 and pregnant or gestational diabetics.

1990	Triplicate Prescription Program, Product Incentive Program (PIP) and Rural Incentive Program (RIP) all initiated. Home blood glucose testing program expanded to cover test strips for all individuals for whom home blood glucose testing is deemed medically necessary.
1991	Home Oxygen Program secures competitive pricing system.
1992	PharmaNet is approved.
1993	PharmaCare Review Panel examines future options for PharmaCare. Trial Prescription Program begins.
1994	Therapeutics Initiative established at the University of BC. Trial Prescription Program expanded to include Plans A, C, F & E. The Low-Cost Alternative policy (LCA) is introduced.
1995	Pharmaco-economic Initiative established at UBC. Reference Drug Program (RDP) is launched, affecting H2 antagonists, NSAIDS and nitrates. Plan D (Cystic Fibrosis) begins.
1996	PharmaNet fully implemented in BC community pharmacies.
1997	RDP applies to ACE inhibitors and Calcium Channel Blockers. RDP evaluations begin.
1998	PharmaCare Health Transition Fund projects begin. Plan G (Mental Health) coverage begins. Deductible for Plan E (Universal) increases from $600 to $800.
1999	Nebulizer to Inhaler conversion policy with prospective evaluation begins. PharmaNet expanded to cover hospital Emergency Departments.
2000	Medical Practice Access to PharmaNet pilot project takes place. Emergency Contraceptive Pills (ECP): Women are able to receive ECP directly from certified pharmacists, without first seeing a physician.
2001	Responsibility for all drugs acting on cancerous tumours transferred to the BC Cancer Agency.
2002	Plan A has two components: regular Plan A and Plan A1 for seniors receiving Premium Assistance with their MSP payments. Seniors with regular Plan A coverage pay a maximum of $25 towards the drug cost and dispensing fee per prescription, to a yearly maximum of $275. Seniors on Plan A1 pay a maximum of $10 towards the drug cost and dispensing fee per prescription, to a yearly maximum of $200. Plan E annual deductible changes to $1,000, or $800 for those receiving MSP Premium Assistance. Maximum Days' Supply policy is introduced, limiting coverage for short-term drugs and first-time prescriptions for maintenance drugs to a maximum 30 days supply. Early Fill policy introduced to ensure prescriptions for long-term medications are not filled too soon, in order to help eliminate risks associated with having excess quantities of medications on hand, and to reduce wastage in cases where a medication is discontinued.

PharmaNet

PharmaNet is a secure computer network linking BC community pharmacies to central databases. All prescriptions dispensed in BC are recorded on PharmaNet, regardless of eligibility for PharmaCare financial assistance. PharmaNet eliminates the need for patients to submit claims and automates billing and payment processing to pharmacies. Each week, pharmacists are automatically paid the PharmaCare portion of all prescriptions dispensed. Some of the advantages of linking all pharmacies in BC to one central system include:

- prevention of over consumption of prescription drugs by unintended duplication or fraud
- prevention of inappropriate therapies by drug interaction checking and dosage range checking
- promotion of cost effective usage of drugs and other therapeutic alternatives
- improved standards of practice by offering comprehensive drug information and complete patient information
- streamlining of claims payments by offering immediate adjudication for pharmacies and the public.

PharmaNet is available 24 hours a day, every day of the year. The PharmaNet Help Desk pharmacy line is available 24 hours a day, every day of the year, except Christmas, to answer inquiries from pharmacies and hospital Emergency Departments. The public line is also open seven days a week, from 8:00 am to 8:00 pm.

Many BC hospital emergency departments are now connected to PharmaNet and can obtain a patient's medication profile to assist in the patient's diagnosis and care. As well, Medical Practice Access to PharmaNet allows authorized medical practitioners in private practice, group practice, walk-in clinics, and diagnostic and treatment centers to request and receive up-to-date records of medications dispensed to a patient in a timely and secure manner. By allowing BC health care providers controlled computer access to their client's medication profiles, PharmaNet protects British Columbians from potentially dangerous medication interactions and duplications, and helps limit prescription fraud and drug abuse.

Pet prescriptions are also processed through PharmaNet. Although the pet owner's Personal Health Number is used, the veterinarian's unique identification indicates that the transaction is for an animal. Pet prescriptions are not covered by PharmaCare and are not included in a patient's medication profile.

Processing a Prescription in British Columbia

In BC, a prescription medication can only be dispensed when prescribed by a licensed Canadian practitioner; this applies to BC residents and non-residents, regardless of eligibility for PharmaCare benefits. BC residents with Medical Services Plan (MSP) coverage are provided with a CareCard containing a unique Personal Health Number that identifies the holder. Processing a prescription involves the following:

1. The pharmacist, located in one of approximately 850 BC pharmacies, receives a written, faxed or verbally communicated prescription.
2. At the pharmacy, the patient provides his/her CareCard and the prescription, if applicable, to the pharmacist.
3. The pharmacist records the prescription electronically on PharmaNet.
4. The claim is adjudicated according to the patient's PharmaCare plan.
5. The pharmacist checks for appropriate dosing and possible interactions and allergies with other drugs the patient may be taking.
6. The prescription is dispensed. The pharmacy receipt indicates the portion of the prescription cost paid by PharmaCare and that paid by the patient, as applicable. Eligible drug expenses paid by the patient contribute toward the patient's PharmaCare deductible.

Processing a prescription through PharmaNet takes seconds to complete and all transactions are encrypted and sent through secure lines. Patients may also request that a "keyword" be placed on their patient profile, limiting access to the patient's profile to only those individuals with whom the patient chooses to share the keyword.

PHARMACARE COVERS:

- √ eligible prescription drugs prescribed by a physician, dentist, midwife or podiatrist
- √ insulin, needles and syringes for diabetics
- √ blood glucose test strips for diabetics for whom blood glucose testing is deemed medically necessary and who have a valid *Certificate of Training* from an approved Diabetic Teaching Centre
- √ certain ostomy supplies
- √ designated permanent prosthetic appliances and children's orthotic devices (braces)

Certain medications require prior approval (an approved special authority) for PharmaCare coverage. Exceptions to the coverage policy are not retroactive.

PHARMACARE DOES NOT COVER:

- × eyeglasses
- × hearing aids or hearing aid batteries
- × bandages
- × artificial sweeteners, antacids, laxatives or over-the-counter drugs
- × wheelchairs, walkers or other medical devices
- × drug costs that have been fully reimbursed by another plan
- × drugs or supplies obtained while outside of BC
- × mail-order prescriptions requested from companies located outside BC
- × vacation supplies of large quantities of medications or repeat prescriptions intended for use on extended absences from BC

Summary of PharmaCare Plans

PharmaCare provides assistance to British Columbia residents for the purchase of eligible prescription drugs and prosthetic appliances, as well as ostomy and blood glucose monitoring supplies. To be eligible for PharmaCare benefits, individuals must be registered with the Medical Services Plan (MSP). A number of pricing and quantity limitations are in effect for these PharmaCare benefits and plan rules, and deductibles have changed over time. The PharmaCare Plans, as of December 31, 2002, were as follows:

Plan A (Seniors)

This plan provided assistance to BC residents aged 65 years and older. Seniors were required to pay a maximum of $25 towards the total cost (drug cost plus dispensing fee) of each prescription to an annual maximum of $275. Those seniors receiving MSP Premium Assistance or Income Assistance were required to pay a maximum of $10 towards the total cost of each prescription to an annual maximum of $200.

Plan B (Long-term Care)

Residents of designated Licensed Long-term Care Facilities received PharmaCare benefits at no charge. Pharmacies did not bill dispensing fees but collected a monthly capitation rate based on the number of occupied beds.

Plan C (Income Assistance)

Residents, excluding seniors, in receipt of income assistance from the Ministry of Human Resources received full funding for PharmaCare benefits.

Plan D (Cystic Fibrosis)

Patients approved by Cystic Fibrosis clinics were eligible to receive full funding for digestive enzymes. Subject to plan deductibles, Plan D also provided coverage for certain nutritional supplements and some vitamins and minerals.

Plan E (Universal)

Residents registered with MSP who did not receive benefits from any other PharmaCare plan (excluding Plans D & G) were eligible under the Universal Plan. Residents were responsible for paying the drug cost and the dispensing fee up to a total of $1,000 per family per year, after which PharmaCare reimbursed 70 per cent of the cost of eligible benefits and dispensing fees. Once out-of-pocket drug costs reached $2,000 per family per year, PharmaCare provided 100 per cent coverage for additional eligible prescription drugs for the balance of the calendar year. Families who received MSP Premium Assistance or Temporary Premium Assistance receive 100 per cent coverage from PharmaCare once the $800 deductible was reached. MSP Premium Assistance and Temporary Premium Assistance are available by application through the Ministry of Health Services' Medical Services Plan.

Plan F (At Home Program Children)

Plan F provided 100% financial assistance for eligible prescription drugs to children under the age of 19 who were eligible for benefits under the At Home Program of the Ministry of Children and Family Development. Applications for coverage under this plan were processed through the Ministry for Children and Family Development.

Plan G (No Charge Psychiatric Medication)

PharmaCare provided 100% coverage of designated psychiatric medications for low-income clients of mental health service centres receiving MSP Premium Assistance.

The BC Centre for Excellence in HIV/AIDS

PharmaCare provides funding for the Centre's drug program. HIV-positive individuals living in the province receive antiretroviral drugs free of charge when enrolled in the program. The Centre operates out of St. Paul's Hospital in Vancouver and the drug program is fully supported and funded by PharmaCare.

Prescription Treatment Programs not Funded or Administered by PharmaCare

Home Oxygen Program

Through this program, the Health Authorities provide coverage for oxygen and related equipment delivered to the homes of individuals who meet established criteria. Applications for this program must be made by a physician through the local Health Authority. Suppliers are reimbursed for the most economical system, consistent with individual need and lifestyle. Suppliers of home oxygen systems are determined regionally through a scheduled bidding process.

Palliative Care Program

The drug component of this plan provides eligible patients with coverage for the costs of medications listed in the Palliative Care Drug Formulary. The program is funded by the Ministry of Health Services Home and Community Care. Each dispensed prescription is recorded on the patient's PharmaNet record.

Drugs Provided by Other Programs

Patients registered with the BC Cancer Agency, BC Renal Agency, BC Transplant Society, as well as hospital inpatients, have prescribed drug therapies supplied by those organizations without charge. Please contact these programs directly for details.

Utilization Management

Like other provincial health programs, PharmaCare is constantly challenged by limited resources, rising costs and changing demographics. PharmaCare is not a static program. Policies are continually monitored and modified to adapt to changing conditions and the demand for new medications. PharmaCare seeks to ensure that British Columbians have appropriate, safe and reasonable access to prescription medications needed to maintain the best health possible.

Reference Drug Program

The Reference Drug Program (RDP) encourages cost-effective first-line prescribing for common medical conditions. Under the RDP, PharmaCare coverage is based on the cost of the reference drug or drugs in a therapeutic category. This is the drug (or drugs) considered to be equally efficacious and the most cost effective in that category.
The RDP currently applies to five classes of drugs: Histamine 2 receptor Blockers (H2 Blockers), Non-Steroidal Anti-inflammatory drugs (NSAIDS), Nitrates, Angiotensin Converting Enzyme Inhibitors (ACE inhibitors), and Dihydropyridine Calcium Channel Blockers (Dihydropyridine CCBs).

Low Cost Alternative Program

For many drugs, there are alternative brands from which a person may choose which may differ in price yet contain the same active ingredients. Low cost alternative drugs are often much less expensive than many other brands on the market. When several drugs contain identical active ingredients, PharmaCare provides full coverage only for the lower priced drugs. Patients have the option of obtaining either the low cost alternative, which will be fully reimbursed according to the guidelines of each PharmaCare plan, or the product eligible for only partial coverage based on the cost of the available low cost alternative(s). When no low cost alternative has been identified, eligible products will be covered consistent with existing plan policies.

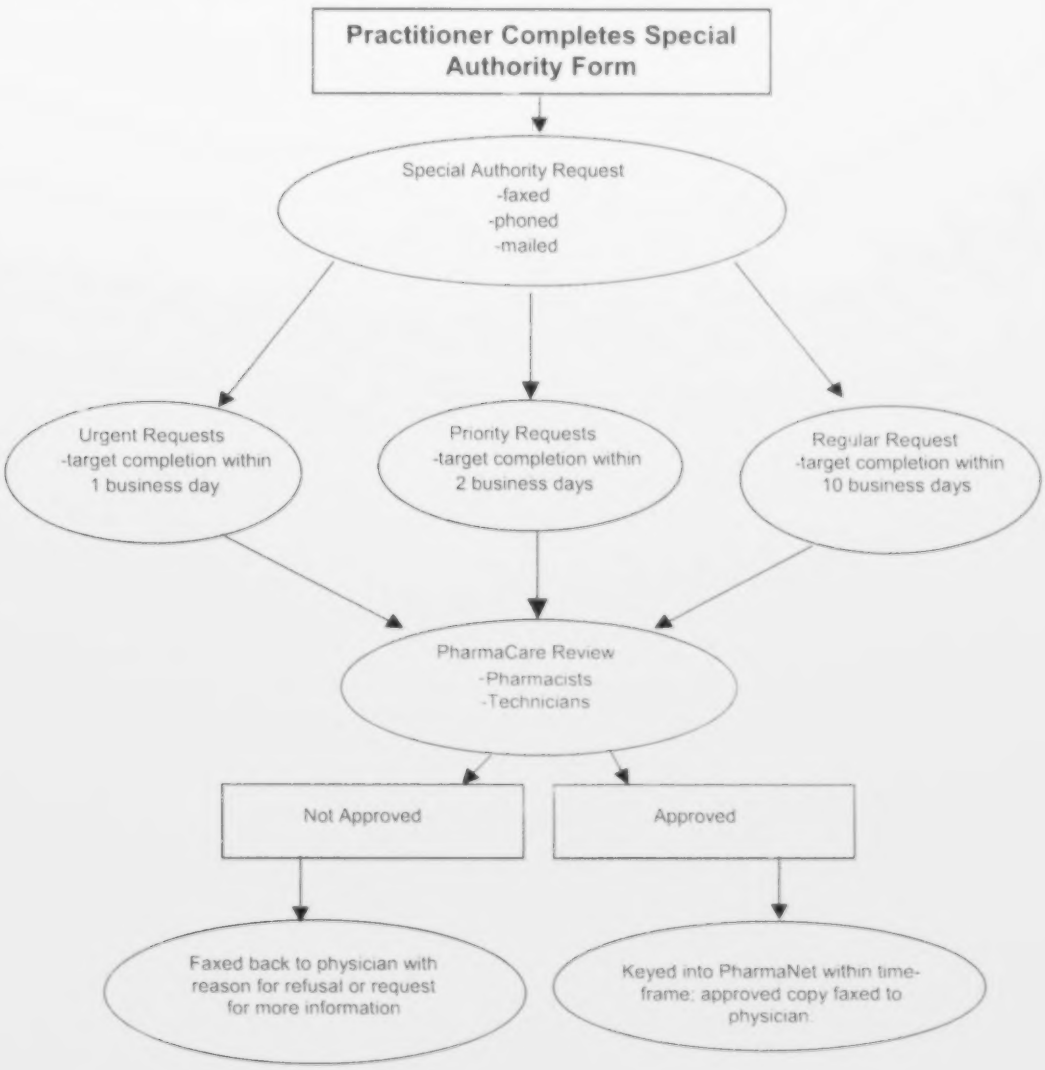
Limited Coverage Drug Program

Limited coverage drugs are not considered to be first line therapies, or there may be more cost-effective alternatives. PharmaCare has identified criteria for granting reimbursement. Application is made by the prescribing practitioner through the Special Authority process.

SPECIAL AUTHORITY

A Special Authority grants full benefit status to a medication normally covered as a partial benefit or a limited coverage drug. Special Authority requests are submitted by a medical practitioner and are adjudicated according to established criteria that must be met by the patient and/or the practitioner. A Special Authority applies to a specific drug for an individual patient. PharmaCare reimbursement is provided based on the patient's plan deductible. The Special Authority process maintains cost-effective prescribing, while ensuring access to necessary care.

Steps for Special Authority Processing



Section 2 – Program Expenditures

PharmaCare Expenditures 1996-2002 (Tables 2.1 through 2.9)

PharmaCare's expenditures for therapeutic medications have risen from $371,860,290 in 1996 to $658,091,559 in 2002. This represents a 77 per cent increase during a seven year period. Some of this growth can be attributed to the addition of new programs, such as cystic fibrosis (Plan D) and the no-charge psychiatric medication program (Plan G). Other factors contributing to increases in expenditures include: increasing utilization of pharmacological treatments outside the hospital setting; newer, more expensive drug therapies; changing population demographics; and, increases in the number of people living with chronic diseases such as diabetes and arthritis.

Tables 2.1 to 2.9 provide a seven-year history of PharmaCare expenditures. Financial figures are for actual amounts paid by PharmaCare for drug ingredients and dispensing fees.

Notes relevant to the tables:

- Rx = prescription.
- The Dispensing Fee is the amount charged by the pharmacy for processing the claim.
- See Section 1 for information on annual deductible amounts for each plan.
- "PharmaCare paid costs" include only those portions of eligible ingredient costs and dispensing fees that PharmaCare has reimbursed. In some cases, the patient is responsible for some or all of their drug costs.
- Plan A policy changes effective January 1, 2002:
  - For individuals with regular Plan A coverage, the individual now pays a maximum of $25 towards the drug cost and dispensing fee per eligible prescription, to a yearly maximum of $275, upon which time PharmaCare covers 100 per cent for the remainder of the year.
  - For individuals receiving MSP Premium Assistance, the individual now pays a maximum of $10 towards the drug cost and dispensing fee per eligible prescription, to a yearly maximum of $200, upon which time PharmaCare covers 100 per cent for the remainder of the year.
- Plan E policy changes effective January 1, 2002:
  - For individuals with regular Plan E coverage, the annual deductible is now $1,000, after which PharmaCare provides 70 per cent coverage for eligible prescription drugs for the remainder of the year. Once a family has paid $2,000 during a year, PharmaCare provides 100 per cent coverage for the remainder of the year.
  - For individuals receiving MSP Premium Assistance, the annual deductible is now $800, after which PharmaCare provides 100 per cent coverage for eligible prescription drugs for the remainder of the year.
- Plan B per diem payments and methadone interaction fees are not included in these data.
- Data provided in the following tables were extracted from the Ministry of Health Services' HNData Datamart, which may not reconcile to previous reports run in the Phoenix environment.

Table 2.1 PharmaCare Expenditures by Calendar Year: All Plans (A, B, C, D, E, F & G)

Calendar Year	1996	1997	1998	1999	2000	2001	2002
Number of Rx	11,277,370	12,094,011	12,387,479	13,301,117	14,462,395	16,157,599	14,819,843
Number of patients	868,400	867,602	827,918	849,616	880,757	914,767	814,424
Ingredient cost paid	$342,294,519	$369,489,465	$404,732,235	$455,105,821	$531,215,140	$603,617,029	$572,087,043
Dispensing fee paid	$29,565,771	$31,620,716	$32,772,802	$35,838,742	$41,003,299	$53,104,743	$86,004,516
Total amount paid	$371,860,290	$401,110,181	$437,505,036	$490,944,562	$572,218,439	$656,721,772	$658,091,559
Avg. Rx per patient	12.99	13.94	14.96	15.65	16.42	17.66	18.20
Total paid cost per patient	$428.21	$462.32	$528.44	$577.84	$649.69	$717.91	$808.05
Avg dispensing fee paid per Rx	$2.62	$2.61	$2.65	$2.69	$2.84	$3.29	$5.80
Avg ingredient cost paid per Rx	$30.35	$30.55	$32.67	$34.21	$36.73	$37.36	$38.60
Avg total amount paid per Rx	$32.97	$33.17	$35.32	$36.91	$39.57	$40.64	$44.41

Note: PharmaCare paid costs include only those portions of ingredient cost and dispensing fee that PharmaCare has reimbursed on a particular claim.

Table 2.2 PharmaCare Expenditures by Calendar Year: All Plans, Excluding E (Universal)

Calendar Year	1996	1997	1998	1999	2000	2001	2002
Number of Rx	9,612,942	10,330,103	10,843,649	11,596,871	12,477,997	13,862,948	12,934,344
Number of patients	673,193	672,517	670,847	674,767	680,104	684,264	632,672
Ingredient cost paid	$289,818,712	$307,843,472	$343,252,607	$384,293,264	$441,026,562	$497,008,161	$466,294,603
Dispensing fee paid	$22,716,987	$24,499,580	$26,260,392	$28,646,790	$32,332,241	$42,642,386	$76,390,780
Total amount paid	$312,535,699	$332,343,051	$369,512,999	$412,940,054	$473,358,804	$536,650,551	$542,685,383
Avg. Rx per patient	14.28	15.36	16.16	17.19	18.35	20.26	20.44
Total paid cost per patient	$464.26	$494.18	$550.82	$611.97	$695.97	$788.66	$857.77
Avg dispensing fee paid per Rx	$2.36	$2.37	$2.42	$2.47	$2.59	$3.08	$5.91
Avg ingredient cost paid per Rx	$30.15	$29.80	$31.65	$33.14	$35.34	$35.85	$36.05
Avg total amount paid per Rx	$32.51	$32.17	$34.08	$35.61	$37.94	$38.93	$41.96

Table 2.3 PharmaCare Expenditures by Calendar Year: Plan A (Seniors)

Calendar Year	1996	1997	1998	1999	2000	2001	2002
Number of Rx	5,381,403	5,878,193	6,228,813	6,722,151	7,193,809	7,952,738	6,605,307
Number of patients	393,986	405,613	416,930	429,660	438,834	449,881	413,274
Ingredient cost paid	$202,278,792	$213,719,943	$236,516,839	$263,952,098	$296,165,522	$341,017,031	$301,550,112
Dispensing fee paid	$3,763,399	$4,695,359	$5,585,908	$6,705,143	$8,261,991	$11,323,404	$38,265,725
Total amount paid	$206,042,191	$218,415,302	$242,102,747	$270,657,241	$304,427,513	$352,340,435	$339,815,837
Avg. Rx per patient	13.66	14.49	14.94	15.65	16.39	17.68	15.98
Total paid cost per patient	$522.97	$538.48	$580.68	$629.93	$693.72	$783.19	$822.25
Avg dispensing fee paid per Rx	$0.70	$0.80	$0.90	$1.00	$1.15	$1.42	$5.79
Avg ingredient cost paid per Rx	$37.59	$36.36	$37.97	$39.27	$41.17	$42.88	$45.65
Avg total amount paid per Rx	$38.29	$37.16	$38.87	$40.26	$42.32	$44.30	$51.45

Note: 2002 change in policy from dispensing fee only paid by patient to payment for dispensing fee and ingredient cost as co-payment

Table 2.4 PharmaCare Expenditures by Calendar Year: Plan B (Long-term Care)

Calendar Year	1996	1997	1998	1999	2000	2001	2002
Number of Rx	1,146,371	1,153,755	1,126,915	1,103,254	1,118,930	1,165,225	1,188,137
Number of patients	25,330	24,991	24,986	24,849	25,268	25,488	25,409
Ingredient cost paid	$18,656,001	$19,072,696	$20,757,050	$21,718,955	$24,080,388	$26,926,757	$29,300,141
Total Amount Paid	$18,656,001	$19,072,696	$20,757,050	$21,718,955	$24,080,388	$26,926,757	$29,300,141
Avg. Rx per patient	45.26	46.17	45.1	44.4	44.28	45.72	46.76
Total paid cost per patient	$736.52	$763.18	$830.75	$874.04	$953.00	$1,056.45	$1,153.14
Avg dispensing fee paid per Rx	N/A	N/A	N/A	N/A	N/A	N/A	$0.00
Avg ingredient cost paid per Rx	$16.27	$16.53	$18.42	$19.69	$21.52	$23.11	$24.66
Avg total amount paid per Rx	$16.27	$16.53	$18.42	$19.69	$21.52	$23.11	$24.66

Note: Plan B does not have a dispensing fee; pharmacies are paid a capitation rate

Table 2.5 PharmaCare Expenditures by Calendar Year: Plan C (BC Income Assistance)

Calendar Year	1996	1997	1998	1999	2000	2001	2002
Number of Rx	3,062,985	3,197,323	3,348,337	3,604,764	3,963,628	4,501,488	4,851,350
Number of patients	260,238	243,377	229,096	219,562	213,477	207,769	186,516
Ingredient cost paid	$66,388,168	$69,681,642	$78,579,397	$89,572,181	$110,172,332	$116,362,248	$120,326,031
Dispensing fee paid	$18,799,056	$19,132,240	$19,747,206	$20,834,214	$22,714,843	$29,633,996	$35,988,715
Total amount paid	$85,187,224	$88,813,882	$98,326,603	$110,406,395	$132,887,176	$145,996,244	$156,314,746
Avg. Rx per patient	11.77	13.14	14.62	16.42	18.57	21.67	26.01
Total paid cost per patient	$327.34	$364.92	$429.19	$502.85	$622.49	$702.69	$838.08
Avg dispensing fee paid per Rx	$6.14	$5.98	$5.90	$5.78	$5.73	$6.58	$7.42
Avg ingredient cost paid per Rx	$21.67	$21.79	$23.47	$24.85	$27.80	$25.85	$24.80
Avg total amount paid per Rx	$27.81	$27.78	$29.37	$30.63	$33.53	$32.43	$32.22

Table 2.6 PharmaCare Expenditures by Calendar Year: Plan D (Cystic Fibrosis)

Calendar Year	1996	1997	1998	1999	2000	2001	2002
Number of Rx	1,182	1,258	1,353	1,469	1,347	1,419	1,418
Number of patients	251	249	251	263	265	262	252
Ingredient cost paid	$560,624	$598,219	$597,201	$677,445	$647,907	$690,045	$713,020
Dispensing fee paid	$7,630	$8,036	$8,827	$9,522	$8,904	$9,562	$10,194
Total amount paid	$568,255	$606,255	$606,028	$686,966	$656,811	$699,607	$723,214
Avg. Rx per patient	4.71	5.05	5.39	5.59	5.08	5.42	5.63
Total paid cost per patient	$2,263.96	$2,434.76	$2,414.45	$2,612.04	$2,478.53	$2,670.26	$2,869.90
Avg dispensing fee paid per Rx	$6.46	$6.39	$6.52	$6.48	$6.61	$6.74	$7.19
Avg ingredient cost paid per Rx	$474.30	$475.53	$441.39	$461.16	$481.00	$486.29	$502.83
Avg total amount paid per Rx	$480.76	$481.92	$447.91	$467.64	$487.61	$493.03	$510.02

Note: Cystic Fibrosis (Plan D) provides coverage for digestive enzymes; vitamin and mineral supplements are covered under the patient's regular family plan

Table 2.7 PharmaCare Expenditures by Calendar Year: Plan E (Universal)

Calendar Year	1996	1997	1998	1999	2000	2001	2002
Number of Rx	1,661,790	1,761,777	1,543,920	1,704,279	1,984,447	2,294,690	1,885,499
Number of patients	199,362	199,719	160,810	179,053	205,635	233,006	186,038
Ingredient cost paid	$52,499,126	$61,652,803	$61,486,206	$70,813,588	$90,189,236	$106,609,893	$105,792,439
Dispensing fee paid	$6,849,156	$7,117,226	$6,512,581	$7,192,027	$8,671,057	$10,462,394	$9,613,736
Total amount paid	$59,348,282	$68,770,029	$67,998,786	$78,005,615	$98,860,294	$117,072,287	$115,406,175
Avg. Rx per patient	8.34	8.82	9.6	9.52	9.65	9.85	10.14
Total paid cost per patient	$297.69	$344.33	$422.85	$435.66	$480.76	$502.44	$620.34
Avg dispensing fee paid per Rx	$4.12	$4.04	$4.22	$4.22	$4.37	$4.56	$5.10
Avg ingredient cost paid per Rx	$31.59	$34.99	$39.82	$41.55	$45.45	$46.46	$56.11
Avg total amount paid per Rx	$35.71	$39.03	$44.04	$45.77	$49.82	$51.02	$61.21

Note: The number of patients receiving benefits in 1998 and 2002 is lower than expected from the trend due in part to the increase in the deductible for those years

Table 2.8 PharmaCare Expenditures by Calendar Year: Plan F (At Home Program)

Calendar Year	1996	1997	1998	1999	2000	2001	2002
Number of Rx	23,639	24,091	24,968	24,844	25,950	27,772	27,999
Number of patients	1,832	1,802	1,828	1,845	1,910	2,003	2,010
Ingredient cost paid	$1,911,807	$2,120,497	$2,391,424	$2,496,687	$2,668,958	$2,892,033	$3,065,689
Dispensing fee paid	$146,530	$149,122	$157,414	$156,764	$167,224	$184,399	$197,090
Total amount paid	$2,058,337	$2,269,619	$2,548,838	$2,653,450	$2,836,182	$3,076,432	$3,262,779
Avg. Rx per patient	12.9	13.37	13.66	13.47	13.59	13.87	13.93
Total paid cost per patient	$1,123.55	$1,259.50	$1,394.33	$1,438.18	$1,484.91	$1,535.91	$1,623.27
Avg dispensing fee paid per Rx	$6.20	$6.19	$6.30	$6.31	$6.44	$6.64	$7.04
Avg ingredient cost paid per Rx	$80.88	$88.02	$95.78	$100.49	$102.85	$104.13	$109.49
Avg total amount paid per Rx	$87.07	$94.21	$102.08	$106.80	$109.29	$110.77	$116.53

Table 2.9 PharmaCare Expenditures by Calendar Year: Plan G (No Charge Psychiatric Medication)

Calendar Year	1997	1998	1999	2000	2001	2002
Number of Rx	77,614	113,173	140,356	174,284	214,267	260,133
Number of patients	6,520	8,028	9,715	11,754	13,675	15,888
Ingredient cost paid	$2,643,665	$4,404,118	$5,874,868	$7,290,797	$9,119,022	$11,339,611
Dispensing fee paid	$518,734	$760,865	$941,073	$1,179,279	$1,490,987	$1,929,056
Total amount paid	$3,162,399	$5,164,983	$6,815,941	$8,470,076	$10,610,009	$13,268,667
Avg. Rx per patient	11.9	14.1	14.45	14.83	15.67	16.37
Total paid cost per patient	$485.03	$643.37	$701.59	$720.61	$775.87	$835.14
Avg dispensing fee paid per Rx	$6.68	$6.72	$6.70	$6.77	$6.96	$7.42
Avg ingredient cost paid per Rx	$34.06	$38.91	$41.86	$41.83	$42.56	$43.59
Avg total amount paid per Rx	$40.75	$45.64	$48.56	$48.60	$49.52	$51.01

PharmaCare Beneficiaries in B.C. (Table 2.10)

Table 2.10 shows the number of PharmaCare beneficiaries in five-year age categories and as a percentage of BC's total population for the 2002 calendar year. The percentage of individuals who received financial assistance from PharmaCare rises gradually by age increment, and then almost triples at age 65 when eligibility for Plan A begins. Almost 20 per cent of British Columbians received financial assistance from PharmaCare in 2002.

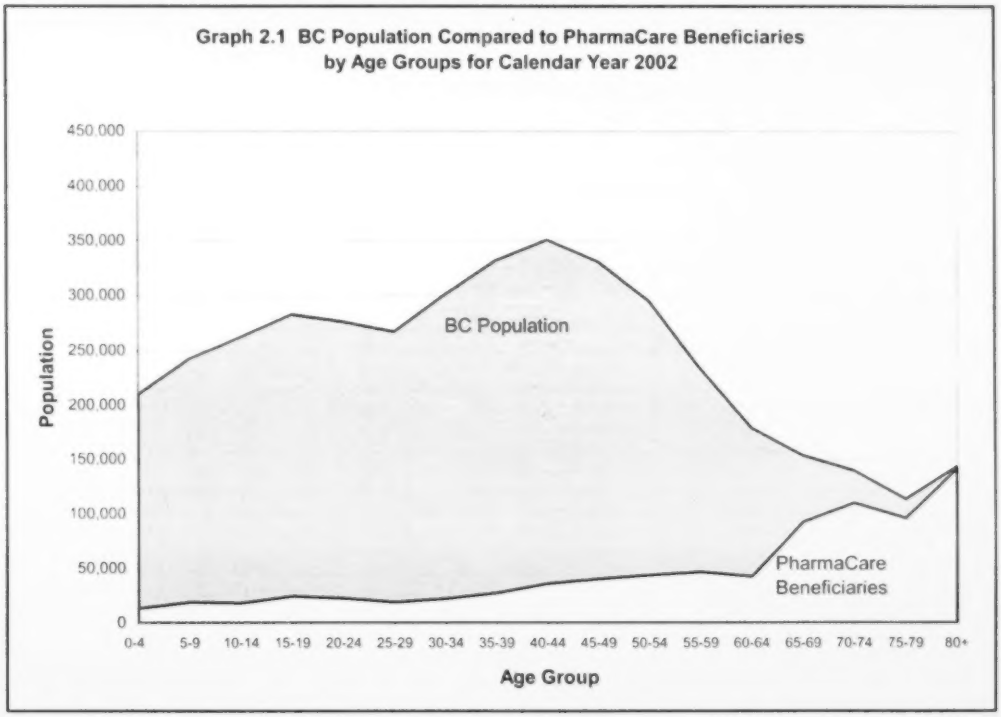
Table 2.10 PharmaCare Beneficiaries by Age Distribution Calendar Year 2002

Age Group	2002 Population*	Number of PharmaCare Beneficiaries	As a % of Age Group Population	As a % of Total Population
0 to 4	210,100	12,937	6.2%	0.3%
5 to 9	242,800	18,912	7.8%	0.5%
10 to 14	262,600	18,161	6.9%	0.4%
15 to 19	282,700	24,228	8.6%	0.6%
20 to 24	276,200	22,450	8.1%	0.5%
25 to 29	267,000	18,799	7.0%	0.5%
30 to 34	301,500	21,978	7.3%	0.5%
35 to 39	331,900	27,291	8.2%	0.7%
40 to 44	351,100	36,245	10.3%	0.9%
45 to 49	330,800	40,306	12.2%	1.0%
50 to 54	295,400	43,962	14.9%	1.1%
55 to 59	233,800	46,826	20.0%	1.1%
60 to 64	178,800	42,601	23.8%	1.0%
65 to 69	153,400	92,436	60.3%	2.2%
70 to 74	139,600	110,144	78.9%	2.7%
75 to 79	113,800	95,980	84.3%	2.3%
80+	143,200	141,168	98.6%	3.4%
Total	4,114,700	814,424	19.8%	19.8%

*Population data from BC Stats.

PharmaCare Beneficiaries vs. Total Population (Graph 2.1)

Graph 2.1 compares the number of PharmaCare beneficiaries to BC's total population by 5-year age groups for the 2002 calendar year.



Number of Beneficiaries by Plan (Table 2.11)

Table 2.11 lists the number of PharmaCare beneficiaries by plan for 2002.

Table 2.11 Number of PharmaCare Beneficiaries by Plan 2002 Calendar Year

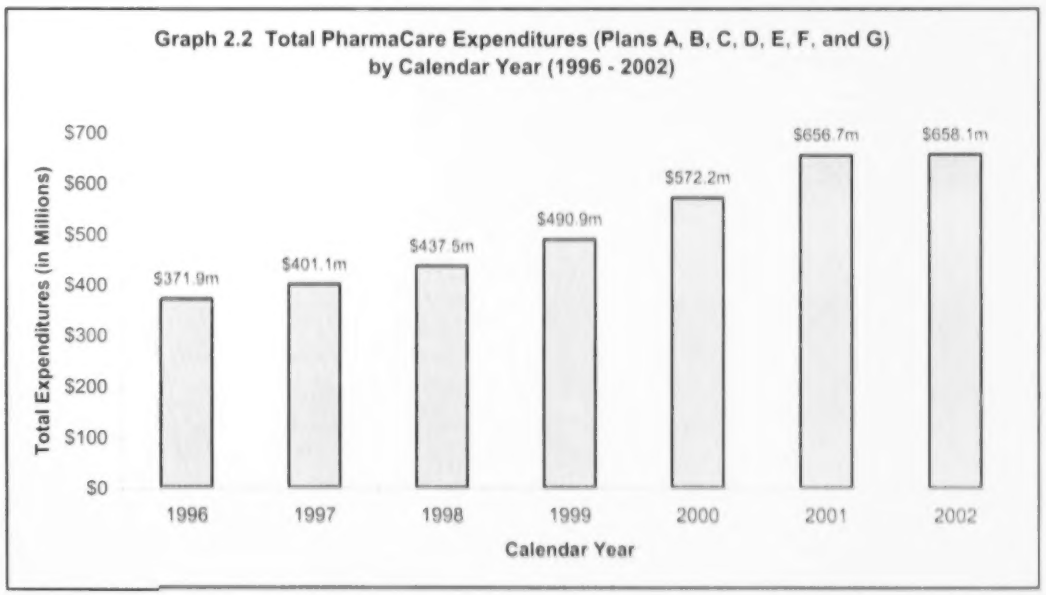
	Unique Patient Count
Plan A - Seniors	413,274
Plan B - Long Term Care	25,409
Plan C - Income Assistance	186,516
Plan D - Cystic Fibrosis	252
Plan E - Universal	186,038
Plan F - Children At Home	2,010
Plan G – No Charge Psychiatric Medication	15,888
Total:	***814,424***

Note: The total patient count will not equal the sum of each plan as patients may be included in more than one benefit plan within the year.

Note: The following graphs (2.2 through 2.4) are based on PharmaCare paid claims and exclude the amount co-paid by the patient (where applicable).

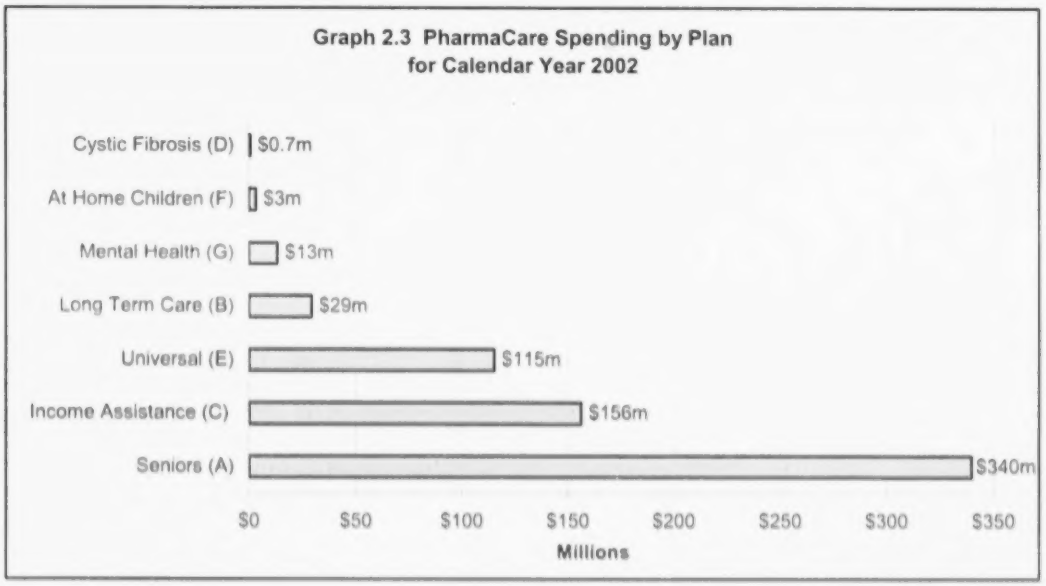
TOTAL PHARMACARE EXPENDITURES BY YEAR (GRAPH 2.2)

Graph 2.2 indicates total PharmaCare expenditures for Plans A, B, C, D, E, F, and G. The graph demonstrates a steady increase, from $371,860,290 spent in 1996 to $658,091,559 in 2002.

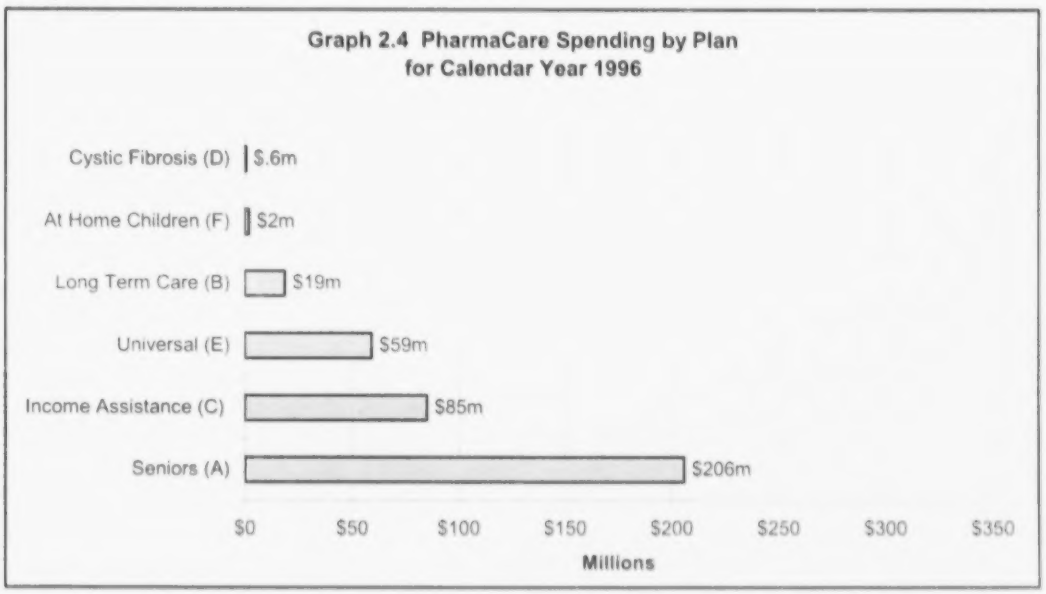


PharmaCare Expenditures by Plan (Graphs 2.3, 2.4, Chart 2.1)

Graph 2.3 provides a breakdown of expenditures by PharmaCare plan for 2002. Two plans consistently dominate PharmaCare expenditures: Seniors (Plan A) and Income Assistance (Plan C), with more than three quarters of expenditures devoted to these two plans in 2002.

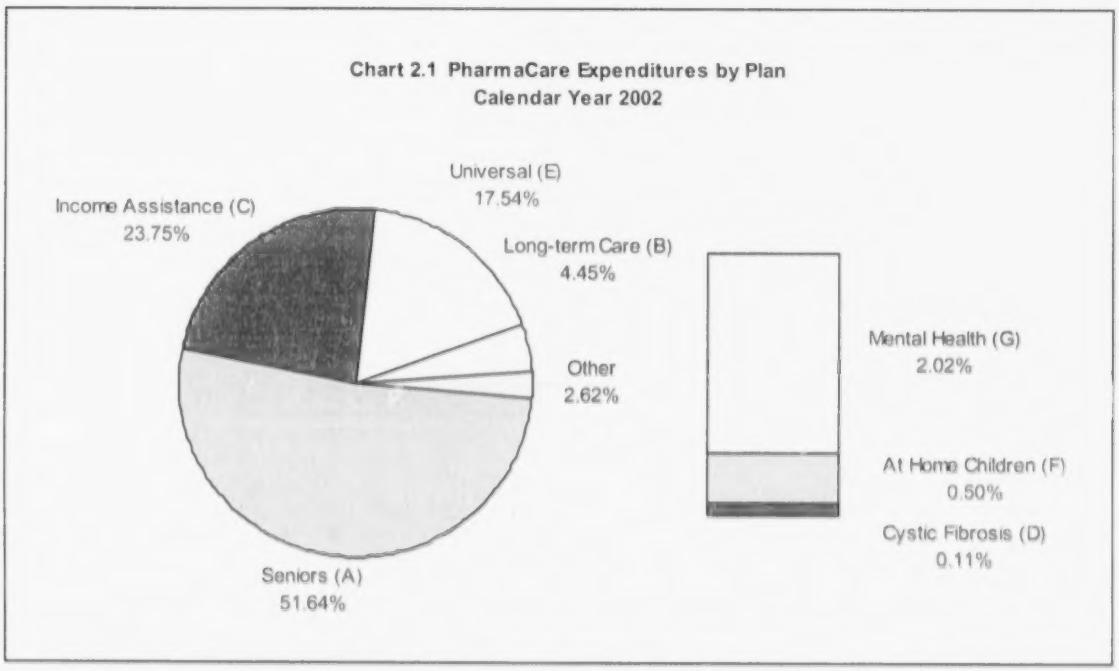


Graph 2.4 provides a breakdown of expenditures by PharmaCare plan for 1996, for comparison.



PharmaCare Expenditures by Plan

Chart 2.1 graphically illustrates each plan's share of overall PharmaCare expenditures for 2002. Plans A, C, and E dominate the program, accounting for 93% of PharmaCare's total expenditures in 2002.



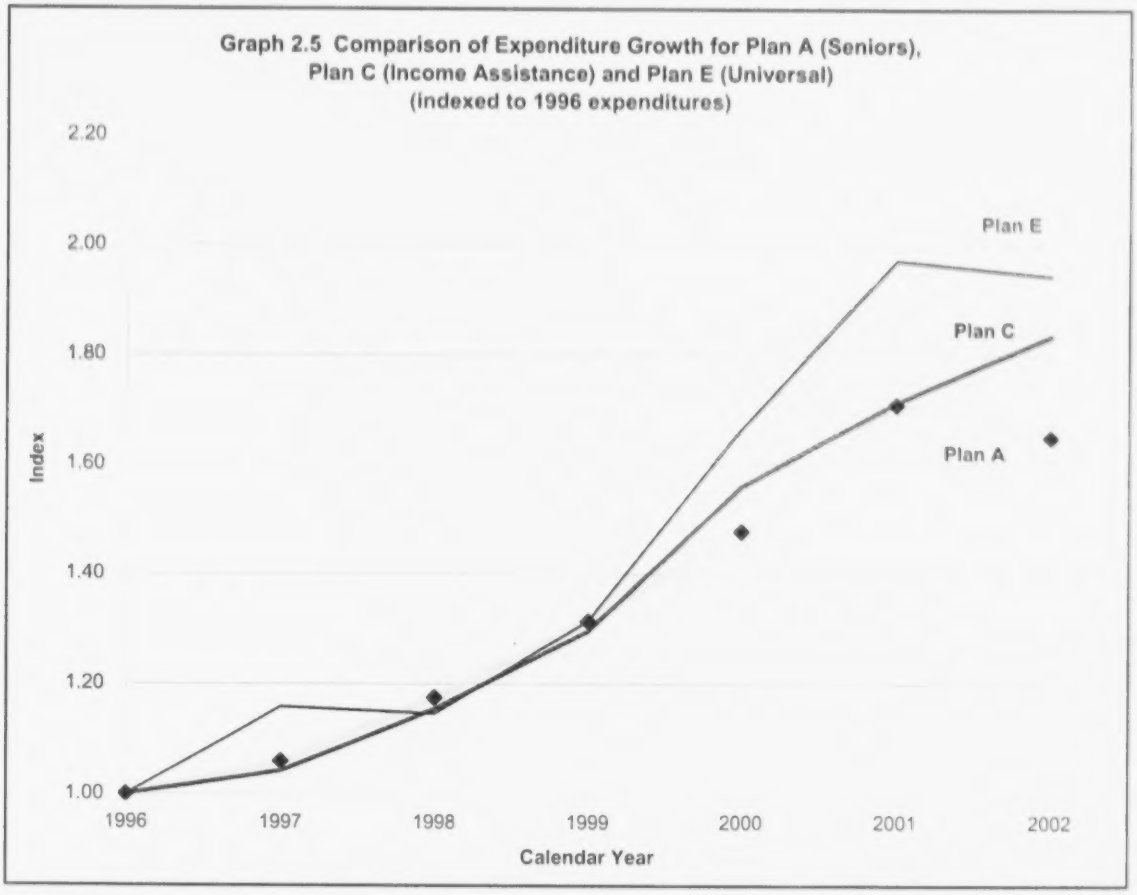
COMPARISON OF EXPENDITURE GROWTH FOR PHARMACARE PLANS (GRAPH 2.5)

Comparison of Expenditure Growth for PharmaCare Plans (Gra 2.5)
Graph 2.5 compares the rate of expenditure growth for the three ..ost highly used PharmaCare plans. The baseline, or indexed year, is 1996. The line graph illustrates that between 1996 and 2002:

- Plan A (Seniors) expenditures increased overall by 65%
- Plan C (Income Assistance) expenditures increased overall by 83%
- Plan E (Universal) expenditures increased overall by 94%.

Steady growth experienced until 2001 reflects factors such as steady increases in drug costs, numbers of beneficiaries, and prescriptions per patient. The drop in PharmaCare expenditures for Plans A and E from 2001 to 2002 is due to increased patient-paid deductible amounts introduced in 2002 for these plans.

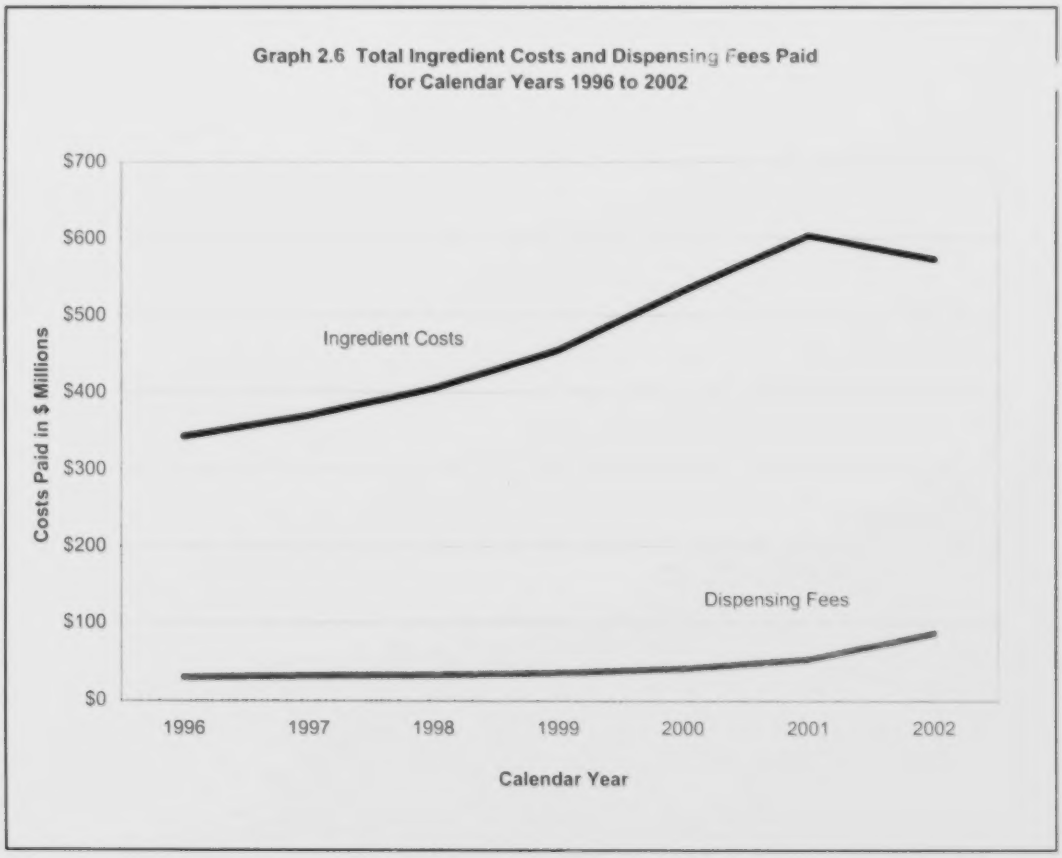
Graph 2.5 Comparison of Expenditure Growth for Plan A (Seniors), Plan C (Income Assistance) and Plan E (Universal) (indexed to 1996 expenditures)



TOTAL INGREDIENT COSTS & DISPENSING FEES 1996-2002 (GRAPH 2.6)

Total Ingredient Costs & Dispensing Fees 1996-2002 (Graph 2.6)
Graph 2.6 plots Total Ingredient Cost and Total Dispensing Fees for all plans paid over a seven calendar year period. The graph illustrates:

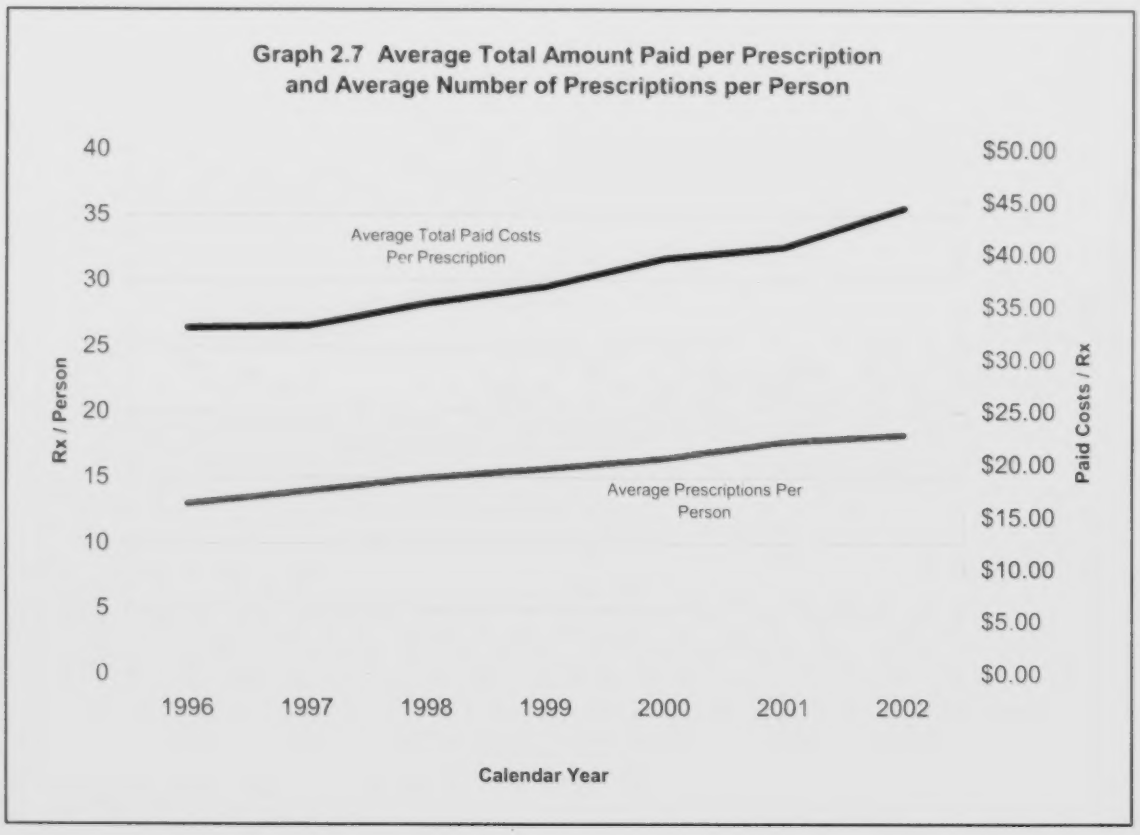
- ingredient costs paid by PharmaCare have increased 67 per cent over 1996 costs, with a reduction in costs in 2002 due to an increase in patient-paid deductible amounts introduced that year, and
- dispensing fees paid by PharmaCare increased gradually from 1996 to 1999 and more rapidly from 2000 to 2002 – almost tripling over that period due to many pharmacies increasing, or introducing, dispensing fees.



Per Person Data: Average Amount Paid and Average Number of Prescriptions (Graph 2.7)

Per Person Data: Average Amount Paid and Average Number of Prescriptions (Graph 2.7)
Graph 2.7 plots the average total amount paid by PharmaCare per prescription (ingredient cost plus dispensing fee) and the average number of prescriptions per person for all plans over a seven year period.

The average total amount paid by PharmaCare per prescription has risen steadily, from $32.97 in 1996 to $44.41 in 2002. The average number of prescriptions per PharmaCare beneficiary has risen from just below 13 in 1996 to just over 18 in 2002.



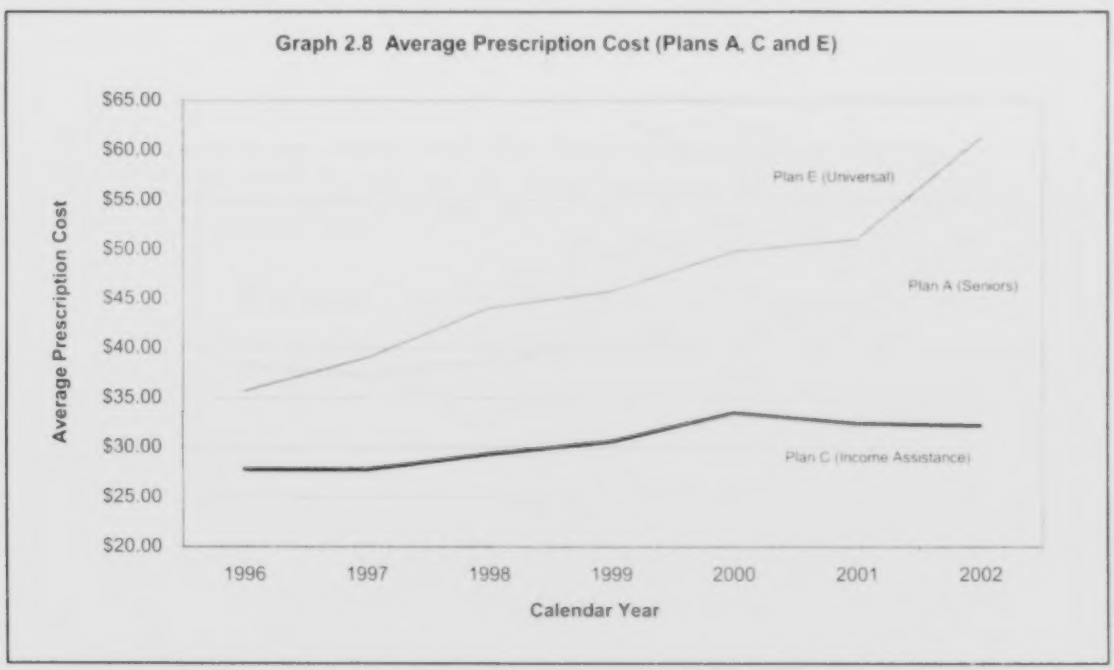
AVERAGE COST PER PRESCRIPTION: PLANS A, C AND E (TABLE 2.12, GRAPH 2.8)

Table 2.12 lists the average cost per patient prescription for the three main plans: Seniors (A), Income Assistance (C), and Universal (E).

Table 2.12 Average Cost per Patient Prescription

Plan	1996	2002
A (Seniors)	$38.29	$51.45
C (Income Assistance)	$27.81	$32.22
E (Universal)	$35.71	$61.21

Graph 2.8 plots the average cost paid by PharmaCare per prescription (dispensing fee plus ingredient cost) for these three plans from 1996 to 2002. Plan C experienced a reduction in average prescription cost from 2000 to 2001 due to changes made to PharmaCare payments to pharmacies under the Methadone Maintenance Program.



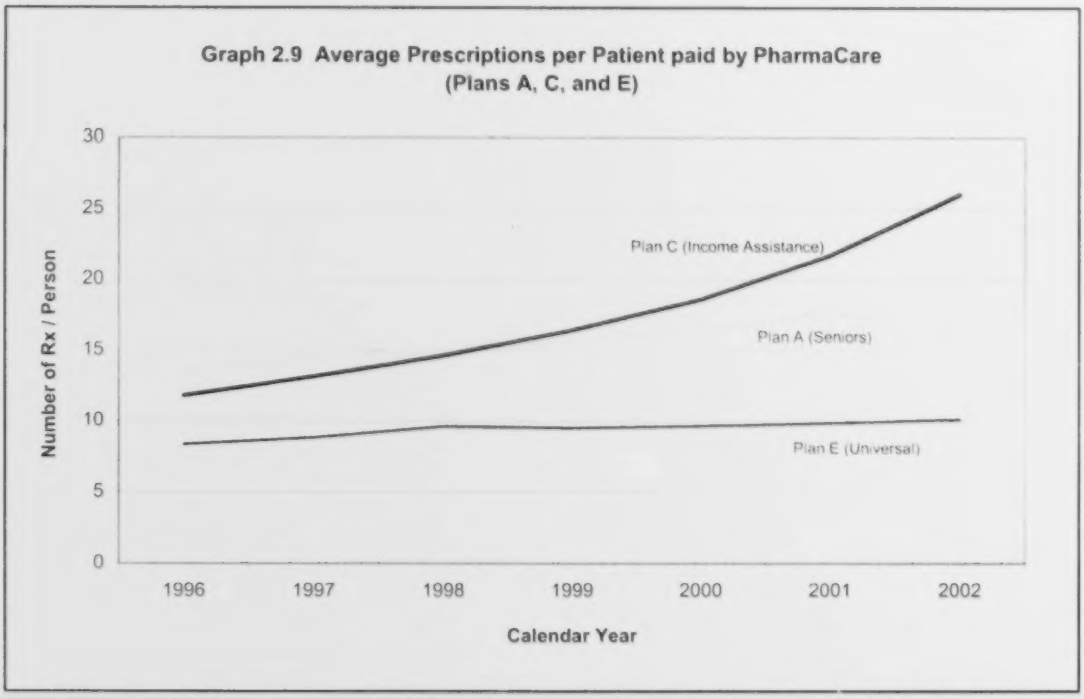
AVERAGE NUMBER OF PRESCRIPTIONS PER PERSON (TABLE 2.13, GRAPH 2.9)

Average Number of Prescriptions per Person (Table 2.13, Graph 2.9)
Table 2.13 lists the average number of prescriptions per patient for the Seniors, Income Assistance, and Universal Plans.

Table 2.13 Average Number of Prescriptions per Patient

Plan	1996	2002
A - Seniors	13.66	15.98
C - Income Assistance	11.77	26.01
E - Universal	8.34	10.14

Graph 2.9 plots the average number of prescriptions per patient on these three Plans from 1996 to 2002. The number of Plan A prescriptions paid by PharmaCare decreased in 2002 due to an increase in patient-paid deductible introduced that year.



Section 3 – Cost Drivers

Growth in BC's Pharmaceutical Expenditures

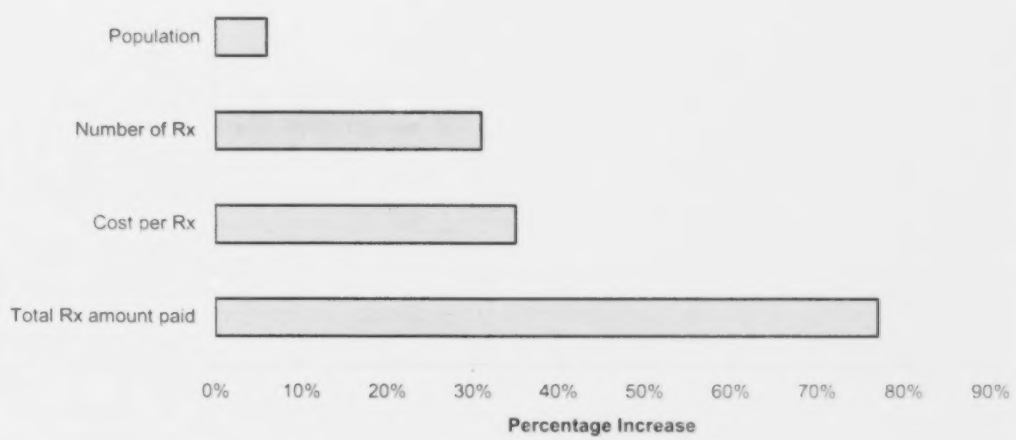
From 1996 to 2002, PharmaCare's total expenditures grew overall by 77 per cent. This increase in costs results from four major pressures:

- increased utilization (more prescriptions per person);
- rising drug prices industry-wide;
- increased out-of-hospital treatment; and
- replacement of existing therapies by more costly new drugs.

Between 1996 and 2002, the number of prescriptions with some level of PharmaCare coverage increased by 31 per cent and the average cost per prescription increased by 35 per cent. Each year, new – and often more expensive – drug therapies are patented, and are marketed for their improved performance over existing ones.

To a lesser degree, B.C.'s population growth over the seven-year period also contributed to increased expenditures; however, the increases in drug costs and quantities dwarf the growth in population of only six per cent, and further underscore the strong cost pressures facing the PharmaCare program.

Graph 3.1 BC's growth in Pharmaceutical Expenditures and the factors affecting expenditures (Calendar Years 1996-2002)



Section 4 – Bibliography

Data used in this publication were drawn from a variety of sources, including those indicated below. For a complete list of related Internet links, see Section 5.

PharmaCare Trends 2001, BC Ministry of Health Services

HNData, BC Ministry of Health Services

BC Stats, Population and Demographics, Population Statistics, Historical Population Estimates, BC Population by Age and Gender 1971–2002.
http://www.bcstats.gov.bc.ca/data/pop/pop/BCPopage.htm

Section 5 – Internet Links

The below Internet sites may provide relevant information regarding drug programs and policies in BC and Canada.

BC Ministry of Health Services
http://www.gov.bc.ca/healthservices/

BC Ministry of Health Planning
http://www.gov.bc.ca/healthplanning/

BC PharmaCare
http://www.hlth.gov.bc.ca/pharme/index.html

Therapeutics Initiative
http://www.ti.ubc.ca/

BC Centre for Excellence in HIV/AIDS
http://cfeweb.hivnet.ubc.ca/CfE.html

BC Mental Health and Addictions
http://www.hlth.gov.bc.ca/mhd/index.html

College of Pharmacists of BC
http://www.collpharmbc.org/

College of Physicians & Surgeons of BC
http://www.cpsbc.bc.ca/

College of Dental Surgeons of BC
http://www.cdsbc.org/

College of Midwives of BC
http://www.cmbc.bc.ca

BC Pharmacy Association
http://www.bcpharmacy.ca/

BC Medical Association
http://www.bcma.org/

PROVINCIAL SITES

Alberta
http://www.health.gov.ab.ca/Drugs/index.htm

Saskatchewan Health
http://www.health.gov.sk.ca/ps_drug_plan.html

Manitoba PharmaCare Program
http://www.gov.mb.ca/health/PharmaCare/index.html

Ontario Drug Benefit Program
http://www.health.gov.on.ca/english/public/pub/drugs/odb.html

Quebec
http://www.gouv.qc.ca/Vision/MesuresSociales/SanteSecurite_en.html#Drug insurance

Newfoundland & Labrador Prescription Drug Program
http://www.gov.nf.ca/health/nlpdp/

Nova Scotia (health site)
http://www.gov.ns.ca/health/

New Brunswick Prescription Drug Program
http://www.gnb.ca/0212/en/index.htm

Prince Edward Island –Health Services
http://www.gov.pe.ca/hss/index.php3

Northwest Territories Health Programs
http://www.hlthss.gov.nt.ca/

Yukon Health & Social Services
http://hss.gov.yk.ca

Nunavut Territory Government Department of Health and Social Services
http://www.gov.nu.ca/hss.htm

Federal Sites

Health Canada
http://www.hc-sc.gc.ca/english/index.htm

Health Products and Food Branch
http://www.hc-sc.gc.ca/hpfb-dgpsa

Canadian Health Network
http://www.canadian-health-network.ca/customtools/homee.html

Canadian Institute for Health Information
http://www.cihi.ca/

Patented Medicines Price Review Board (PMPRB)
http://www.pmprb-cepmb.gc.ca/english/View.asp?x=1

Drug Product Database
http://www.hc-sc.gc.ca/hpb/drugs-dpd/searcheng.html

Canadian Associations

Canadian Pharmacists Association
http://www.cdnpharm.ca/

Canadian Medical Association
http://www.cma.ca/

Other Links

BC Pacific Blue Cross (third party insurance)
http://www.pac.bluecross.ca/

Alberta Blue Cross
http://www.ab.bluecross.ca/index.html

Drug InfoNet
http://www.druginfonet.com/

BC Health Guide
http://www.bchealthguide.org/kbaltindex.asp